For KCC Use:	4-11-10
Effective Date:	31 70
District #	
SGA2 Vas	[X No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 October 2007
Form must be Typed Form must be Signed

SGA? Yes No NOTICE OF	FINTENT TO DRILL Clive (5) days prior to commencing well
Function Smith Date: 4/15/10	
Expected Spud Date: 4/15/10 month day year	Spot Description:
34224	(a/a/a/a/a) 2,475 feet from N / S Line of Section
OPERATOR: License#	165 feet from E / X W Line of Section
Name: Red Cloud Exploration Operating, LLC	Is SECTION: Regular Inregular?
Address 1: 1611 St. Andrews Dr 3rd FL	
Address 2:	(Note: Locate well on the Section Plat on reverse side)
	Outly
Contact Person: Kevin Sylla Phone: 415-850-9183	Lease Name: Purcell Well #: 2-10
	Field Name: Humboldt-Chanute
CONTRACTOR: License# 33986	Is this a Prorated / Spaced Field? Yes X No
Name: Owens Petroleum Services LLC	Target Formation(s): Squirrel
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage): 165
	Ground Surface Elevation: 975 Estimated
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:
Disposal Wildcat Cable	Public water supply well within one mile:
Seismic ; # of Holes Other	Depth to bottom of fresh water: 100 +-
Other:	Depth to bottom of usable water: 200 +-
	Surface Pipe by Alternate:
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set: 40
Operator:	
Well Name:	Projected Total Depth: 950
Original Completion Date: Original Total Depth:	Formation at Total Depth: Squirrel
<u> </u>	Water Source for Drilling Operations:
Directional, Deviated or Horizontal wellbore?	No Well Farm Pond Other:
If Yes, true vertical depth:	DWR Permit #:
Bottom Hole Location:	
KCC DKT #:	── Will Cores be taken?
	If Yes, proposed zone:
	AFFIDAVIT
The undersigned hereby affirms that the drilling, completion and eventu-	AFFIDAVIT al plugging of this well will comply with K.S.A. 55 et. seq.
It is agreed that the following minimum requirements will be met:	7,
· ·	
 Notify the appropriate district office <i>prior</i> to spudding of well; A copy of the approved notice of intent to drill <i>shall be</i> posted on 	each drilling rig:
2. A copy of the approved holice of intent to drill shall be posted of a copy of the approved holice of intent to drill shall be	e set by circulating cement to the top; in all cases surface pipe shall be set
through all unconsolidated materials plus a minimum of 20 feet in	to the underlying formation.
4. If the well is dry hole, an agreement between the operator and the	e district office on plug length and placement is necessary <i>prior to plugging</i> ;
5 The appropriate district office will be notified before well is either.	plugged or production casing is cemented in;
If an ALTERNATE II COMPLETION, production pipe shall be cerr	mented from below any usable water to surface within 120 DAYS of spud date.
Or pursuant to Appendix "B" - Eastern Kansas surface casing ord	der #133,891-C, which applies to the KCC District 3 area, alternate II cementing all be proged. In all cases, NOTIFY district office prior to any cementing.
I hereby certify that the statements made herein are true and common to	the best of my knowledge and belief.
Date: APILL JulySignature of Operator or Agent:	Title: May Den
Date:	
	Remember to:
For KCC Use ONLY	File Drill Pit Application (form CDP-1) with Intent to Drill;
API # 15 - 20 - 0 592-00-00	- File Completion Form ACO-1 within 120 days of spud date; - File acreage attribution plat according to field proration orders;
Conductor pipe required NONE feet	
Contactor pipe required	 Notify appropriate district office 48 hours prior to workover or re-entry; Submit plugging report (CP-4) after plugging is completed (within 60 days);
A/A 11 /a -M	- Submit plugging report (CP-4) after plugging is completed (within 60 days), - Obtain written approval before disposing or injecting salt water.
Approved by:	- Obtain written approval before disposing of injecting salt water. - If this permit has expired (See: authorized expiration date) please
This authorization expires: 4-6-301	check the box helow and return to the address below.
(This authorization void if drilling not started within 12 months of approval date	Well Not Drilled - Permit Expired Date:
	Signature of Operator or Agent:
Spud date: Agent:	—

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 672 RECEIVED

APR 0 6 2010

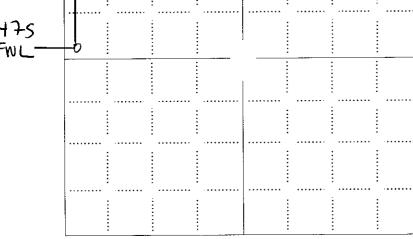
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

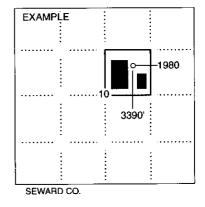
Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - 207 - 27592-00-00	
Operator: Red Cloud Exploration Operating, LLC	Location of Well: County: Woodson
Lease: Purcell	2,475 feet from X N / S Line of Section
Well Number: 2-10	165feet from E / X W Line of Section
Field: Humboldt-Chanute	Sec. <u>20</u> Twp. <u>25</u> S. R. <u>17</u> 🔀 E 🔲 W
Number of Acres attributable to well: SW SW NW	Is Section: Regular or Irregular
	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW

PLAT 165 FWL (Show location of the well and shade attributable acreage for prorated or spaced wells.) (Show footage to the nearest lease or unit boundary line.)





NOTE: In all cases locate the spot of the proposed drilling locaton.

In plotting the proposed location of the well, you must show:

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
- 2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
- 3. The distance to the nearest lease or unit boundary line (in footage).
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CORECENED) CG-8 for gas wells).

KCC WICHITA

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APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Red Cloud Exploration Operating, LLC			License Number: 34224		
Operator Address: 1611 St. Andrews Dr 3rd FL			Lawrence KS 66047		
Contact Person: Kevin Sylla			Phone Number: 415-850-9183		
Lease Name & Well No.: Purcell 2-10		10	Pit Location (QQQQ):		
Type of Pit:	Pit is:		<u>SW _ SW _ NW</u>		
Emergency Pit Burn Pit	Proposed	Existing	Sec. 20 Twp. 25 R. 17 East West		
Settling Pit Drilling Pit	If Existing, date constructed:				
Workover Pit Haul-Off Pit	Pit capacity: 300 (bbls)		165 Feet from East / X West Line of Section		
(If WP Supply API No. or Year Drilled)			Woodson County		
Is the pit located in a Sensitive Ground Water Area? Yes No			Chloride concentration: mg/l (For Emergency Pits and Settling Pits only)		
Is the bottom below ground level?	Artificial Liner?		How is the pit lined if a plastic liner is not used?		
Yes No	Yes X	No	Natural Clay Liner		
Pit dimensions (all but working pits):	Length (fe	eet)16	Width (feet)N/A: Steel Pits		
Depth fr	om ground level to de	eepest point:	4 (feet) No Pit		
If the pit is lined give a brief description of the material, thickness and installation procedure		•	edures for periodic maintenance and determining ncluding any special monitoring.		
NA		NA	NA		
Distance to nearest water well within one-mile of pit		Depth to shallowest fresh water25//_feet. Source of information:			
200 /20 feet Depth of water well 200 /20		measured well owner electric log KDWR			
Emergency, Settling and Burn Pits ONLY:		Drilling, Workover and Haul-Off Pits ONLY:			
Producing Formation:		Type of material utilized in drilling/workover: Freshwater, mud			
Number of producing wells on lease:		Number of working pits to be utilized: 2			
Barrels of fluid produced daily: Abandonme			procedure: Empty and backfill		
Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No		Drill pits must be closed within 365 days of spud date.			
I hereby certify that the above statements are true and correct to the best of by knowledge and belief.					
Date Signature of Applicant or Agent					
KCC OFFICE USE ONLY Steel Pit RFAC RFAS					
Date Received: 4-6-70 Permit Number: Permit Date: 4-6-70 Lease Inspection: Yes No					
RECENCE					

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202 KECEIVED

APR 0 6 2010

15-207-3159-00-00

Mark Parkinson, Governor Thomas E. Wright, Chairman Joseph F. Harkins, Commissioner

April 6, 2010

Red Cloud Exploration Operating, LLC 1611 St. Andrews Dr 3rd Fl Lawrence, KS 66047

RE:

Drilling Pit Application Purcell Lease Well No. 2-10 NW/4 Sec. 20-25S-17E Woodson County, Kansas

Dear Sir or Madam:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.

If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely.

Kathy Haynes

Environmental Protection and Remediation Department

cc: File